



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



NOV 24 2010

IN REPLY REFER TO:

3482
UTU-73516
SL-066490
(UT-923)

RECEIVED

NOV 29 2010

DIV. OF OIL, GAS & MINING

Certified Mail--Return Receipt Requested 7009 1410 0001 9070 8717

R. Jay Marshall, P.E.
Project Manager-Lila Canyon Mine
UtahAmerican Energy, Inc.
794 North "C" Canyon Road
P.O. Box 910
East Carbon, Utah 84520

Re: Modification to the Resource Recovery and Protection Plan (R2P2) South Breakout and sump area, received November 15, 2010

Dear Mr. Marshall:

The Lila Canyon mine was inspected by the BLM on October 22, 2010 and a Notice of Non-Compliance was issued by the BLM on October 27, 2010 for failure to mine in accordance with the approved R2P2. On November 15, 2010, the Bureau of Land Management (BLM) received a timely response from UtahAmerican Energy (UEI) consisting of explanations and an R2P2 modification.

Proposed Plan: UEI is changing the location of the south ventilation breakouts and adding greater detail to the sump and portal area to the R2P2 mine layout. The mining is being conducted in the Sunnyside Coal Seam and mining for the south ventilation breakouts is scheduled to start in December, 2010 on Federal Coal Lease SL-066490.

At the top of the rock tunnels and in the full coal seam, coal mining of the mains has commenced to the south and now has turned to the west toward the breakout location. The mains will also be developed in a northern direction to the sump area as shown on the enclosed mine map. Mine personnel stated that the mine is working with the Utah Division of Oil, Gas, and Mining to

obtain the necessary permit approvals for the change(s) in the locations and number of portal breakouts.

The mine has mined approximately 63,000 tons of coal and the due diligence requirement is 272,270 tons by November, 2012.

This R2P2 change is to modify the south portal breakout area and sump area in order to get back in compliance with the requirement of the R2P2. During the site inspection visit on October 22, 2010 it was stated that no surface disturbance will occur at the south portal area because they will be made from the inside-out in accordance with the lease stipulations. These new ventilation breakouts and location will substantially help the longer term ventilation of the mine.

Approval with Conditions: The BLM hereby approves the revisions to the R2P2 with the following conditions:

1. The R2P2, is hereby approved per the yellow highlighted area on the enclosed map. Please note that the sump area to the north is NOT included in this approved area.
2. The north ventilation breakouts are NOT approved. UEI must first obtain a lease modification and request a permit modification for the area prior to submittal of an R2P2 modification for this area.
3. This R2P2 modification will change the timing and the number of recoverable tons. BLM require that within 60 day s from receipt of this letter, a new R2P2 be submitted meeting all the requirements of 43CFR 3482.1 and 43CFR 3482.3 (a copy of each is attached for convenience):
 - a. The new R2P2 must address all the requirements for the "life of mine" (43CFR 3482.1). This will include addressing the barrier pillar north of the sump area.
 - b. The new R2P2 shall show the logical layout of mains, panels and barriers for each of the first five years and then in five year increments to the end of the mining of the LMU. The scale in the title block shall match the scale on the mine plan.
 - c. An adjustment to the recoverable reserve tonnage shall be submitted with the new mine plan.
 - d. All other requirements must be fully addressed as in 43CFR 3482.1 and 43CFR 3482.3, unless BLM agrees the specific item(s) have been submitted and accepted by BLM previously.

Maximum Economic Recovery (MER): Full extraction of recoverable coal reserves will enable MER of the Federal coal in LMU #UTU-73516 to be achieved.

National Environmental Policy Act (NEPA): No new surface disturbance is predicted with this action, and therefore this action is Categorically Excluded (CX) from NEPA analysis under DM 516 chapter 11.5, paragraph F. (8): Approval of minor modifications to, or minor variances from, activities described in an approved underground or surface mine plan for leasable minerals (e.g., change in mining sequence or timing).

This R2P2 modification complies with the Mineral Leasing Act of 1920, as amended, the regulations at CFR 3480, and the lease terms and conditions. If you have any questions, please contact Steve Rigby in the Price Field Office at (435) 636-3604 or Jeff McKenzie of my staff at (801) 539-4038.

Sincerely,

/s/ Roger L. Bankert

Roger Bankert
Chief, Branch of Minerals

Enclosure:

Approved R2P2 Mine Map (yellow highlighted area)
Copy of 43CFR3482.1 and 43CFR3482.3

cc: UTG023, Price Field Office (w/ Enclosure)

Utah Division of Oil Gas and Mining
Attn: Daron Haddock, Coal Program Manager
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801 (w/ Enclosure)

2010.11.22LilaCanyonJM-SAR2P2Mineapproval

**MINING PLAN APPROVED BY
BUREAU OF LAND MANAGEMENT**

Recommended By: *[Signature]* 11/24/10
Mining Engineer (Date)

Approved By: *[Signature]* 11/24/10
Manager (Date)

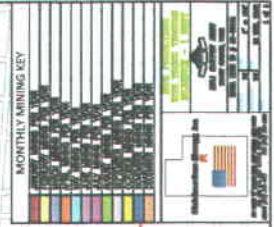
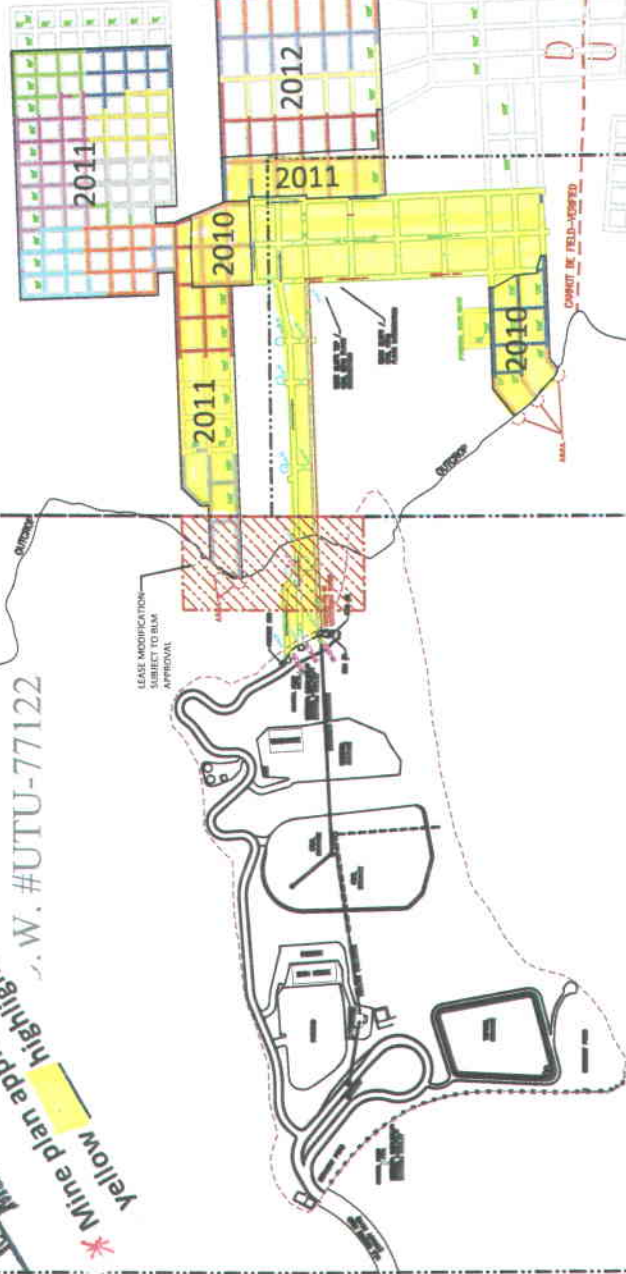
*** Mine plan approved for the highlighted area only.**

W. #UTU-77122

FEDERAL LEASE #SL-066490

EXISTING MINE WORKINGS

LEASE AMENDMENT
SUBJECT TO BLM
APPROVAL



ASSUMPTIONS:
 TARGET MONTHLY TONNAGE = 12,000 TONS
 12,000 TONS AT 8.5' PER TON RESULTS IN
 AVERAGE OF 1,463.4 FEET PER MONTH FOR
 1 SHIFT PER DAY.
 RESERVE = 272,000 TONS

[Code of Federal Regulations]
[Title 43, Volume 2]
[Revised as of October 1, 2008]
From the U.S. Government Printing Office via GPO Access
[CITE: 43CFR3482.1]

[Page 648-651]

TITLE 43--PUBLIC LANDS: INTERIOR

CHAPTER II--BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR (CONTINUED)

PART 3480 COAL EXPLORATION AND MINING OPERATIONS RULES--Table of Contents

Subpart 3482 Exploration and Resource Recovery and Protection Plans

Sec. 3482.1 Exploration and resource recovery and protection plans.

(a) Exploration plans. For background and application procedures for exploration licenses for unleased Federal coal, see 43 CFR part 3410. For background and application procedures for exploration for Federal coal within an approved permit area after mining operations have commenced, see 30 CFR Chapter VII. For any other exploration for Federal coal prior to commencement of mining operations, the following rules apply:

(1) Except for casual use, before conducting any exploration operations on federally leased or licensed lands, the operator/lessee shall submit an exploration plan to and obtain approval from the authorized officer. Casual use, as used in this paragraph, means activities which do not cause appreciable surface disturbance or damage to lands or other resources and improvements. Casual use does not include use of heavy equipment or explosives or vehicular movement off established roads and trails.

(2) The operator/lessee shall submit five copies of exploration plans to the authorized officer. Exploration plans shall be consistent with and responsive to the requirements of the Federal lease or license for the protection of recoverable coal reserves and other resources and for the reclamation of the surface of the lands affected by the operations. The exploration plan shall show that reclamation is an integral part of the proposed operations and that reclamation will progress as contemporaneously as practicable with such operations.

(3) Exploration plans shall contain all of the following:

(i) The name, address, and telephone number of the applicant, and, if applicable, the operator/lessee of record.

(ii) The name, address, and telephone number of the representative of the applicant who will be present during and be responsible for conducting the exploration.

(iii) A narrative description of the proposed exploration area, cross-referenced to the map required under paragraph (a)(3)(viii) of this section, including applicable Federal lease and license serial numbers; surface topography; geologic, surface water, and other physical features; vegetative cover; endangered or threatened species listed pursuant to the Endangered Species Act of 1973 (16 U.S.C. 1531, et seq.); districts, sites, buildings, structures, or objects listed on, or eligible for listing on, the National Register of Historic Places; and known cultural or archeological resources located within the proposed exploration area.

(iv) A narrative description of the methods to be used to conduct

coal exploration, reclamation, and abandonment of operations including, but not limited to--

(A) The types, sizes, numbers, capacity, and uses of equipment for drilling and blasting, and road or other access route construction;

(B) Excavated earth- or debris-disposal activities;

(C) The proposed method for plugging drill holes;

(D) Estimated size and depth of drill holes, trenches, and test pits; and,

(E) Plans for transfer and modification of exploration drill holes to be used as surveillance, monitoring, or water wells.

(v) An estimated timetable for conducting and completing each phase of the exploration, drilling, and reclamation.

[[Page 649]]

(vi) The estimated amounts of coal to be removed during exploration, a description of the method to be used to determine those amounts, and the proposed use of the coal removed.

(vii) A description of the measures to be used during exploration for Federal coal to comply with the performance standards for exploration (Sec. 3484.1(a) of this title) and applicable requirements of 30 CFR 815.15 or an approved State program.

(viii) A map at a scale of 1:24,000 or larger showing the areas of land to be affected by the proposed exploration and reclamation. The map shall show existing roads, occupied dwellings, and pipelines; proposed location of trenches, roads, and other access routes and structures to be constructed; applicable Federal lease and license boundaries; the location of land excavations to be conducted; coal exploratory holes to be drilled or altered; earth- or debris-disposal areas; existing bodies of surface water; and topographic and drainage features.

(ix) The name and address of the owner of record of the surface land, if other than the United States. If the surface is owned by a person other than the applicant or if the Federal coal is leased to a person other than the applicant, a description of the basis upon which the applicant claims the right to enter that land for the purpose of conducting exploration and reclamation.

(x) Such other data as may be required by the authorized officer.

(b) Resource recovery and protection plans. Before conducting any Federal coal development or mining operations on Federal leases or licenses, the operator/lessee shall submit and obtain approval of a resource recovery and protection plan, unless a current resource recovery and protection plan has been approved prior to August 30, 1982. If the resource recovery and protection plan is submitted solely to meet the MLA 3-year submittal requirement, the resource recovery and protection plan shall be submitted to the authorized officer. Upon receipt of a resource recovery and protection plan, the authorized officer will review such plan for completeness and for compliance with MLA. Prior to commencement of any coal development or mining operations on a Federal lease or license, a permit application package containing, among other documents, a resource recovery and protection plan and a permit application shall be submitted to the regulatory authority. On any Federal lease issued after August 4, 1976, MLA requires that a resource recovery and protection plan shall be submitted no later than 3 years after the effective date of the Federal lease. On any Federal lease issued prior to August 4, 1976, MLA requires that a resource recovery and protection plan shall be submitted no later than 3 years after the effective date of the first lease readjustment after August 4, 1976, or the effective date of the operator/lessee's election provided for at Sec. 3483.1(b)(1) of this title, unless a current resource recovery and protection plan has been approved. Any resource recovery

and protection plan submitted but not approved as of August 30, 1982, shall be revised to comply with these rules. A resource recovery and protection plan for an LMU shall be submitted to the authorized officer as provided in Sec. 3487.1(e)(1) of this title.

(c) The authorized officer may contact directly operators/lessees regarding MLA requirements. The resource recovery and protection plan shall contain all the requirements pursuant to MLA for the life-of-the-mine and, unless previously submitted in an LMU application or as directed by the authorized officer, shall include all of the following:

(1) Names, addresses, and telephone numbers of persons responsible for operations to be conducted under the approved plan to whom notices and orders are to be delivered; names and addresses of operators/lessees; Federal lease serial numbers; Federal license serial numbers, if appropriate; and names and addresses of surface and subsurface coal or other mineral owners of record, if other than the United States.

(2) A general description of geologic conditions and mineral resources, with appropriate maps, within the area where mining is to be conducted.

(3) A description of the proposed mining operation, including:

[[Page 650]]

(i) Sufficient coal analyses to determine the quality of the minable reserve base in terms including, but not limited to, Btu content on an as-received basis, ash, moisture, sulphur, volatile matter, and fixed carbon content.

(ii) The methods of mining and/or variation of methods, basic mining equipment and mining factors including, but not limited to, mining sequence, production rate, estimated recovery factors, stripping ratios, highwall limits, and number of acres to be affected.

(iii) An estimate of the coal reserve base, minable reserve base, and recoverable coal reserves for each Federal lease included in the resource recovery and protection plan. If the resource recovery and protection plan covers an LMU, recoverable coal reserves will also be reported for the non-Federal lands included in the resource recovery and protection plan.

(iv) The method of abandonment of operations proposed to protect the unmined recoverable coal reserves and other resources.

(4) Maps and cross sections, as follows:

(i) A plan map of the area to be mined showing the following--

(A) Federal lease boundaries and serial numbers;

(B) LMU boundaries, if applicable;

(C) Surface improvements, and surface ownership and boundaries;

(D) Coal outcrop showing dips and strikes; and,

(E) Locations of existing and abandoned surface and underground mines.

(ii) Isopach maps of each coal bed to be mined and the overburden and interburden.

(iii) Typical structure cross sections showing all coal contained in the coal reserve base.

(iv) General layout of proposed surface or strip mine showing--

(A) Planned sequence of mining by year for the first 5 years, thereafter in 5-year increments for the remainder of mine life;

(B) Location and width of coal fenders; and,

(C) Cross sections of typical pits showing highwall and spoil configuration, fenders, if any, and coal beds.

(v) General layout of proposed underground mine showing--

(A) Planned sequence of mining by year for the first 5 years, thereafter in 5-year increments for the remainder of mine life;

(B) Location of shafts, slopes, main development entries and barrier

pillars, panel development, bleeder entries, and permanent barrier pillars;

(C) Location of areas where pillars will be left and an explanation why these pillars will not be mined;

(D) A sketch of a typical entry system for main development and panel development entries showing centerline distances between entries and crosscuts;

(E) A sketch of typical panel recovery (e.g., room and pillar, longwall, or other mining method) showing, by numbering such mining, the sequence of development and retreat; and,

(vi) For auger mining--

(A) A plan map showing the area to be auger mined and location of pillars to be left to allow access to deeper coal;

(B) A sketch showing details of operations including coal bed thickness, auger hole spacing, diameter of holes and depth or length of auger holes.

(5) A general reclamation schedule for the life-of-the-mine. This should not be construed as meaning duplication of a permit application in a permit application package under SMCRA. The resource recovery and protection plan may cross-reference, as appropriate, a permit application submitted under SMCRA to fulfill this requirement.

(6) Any required data which are clearly duplicated in other submittals to the regulatory authority or Mine Safety and Health Administration may be used to fulfill the requirements of the above paragraphs provided that the cross-reference is clearly stated. A copy of the relevant portion of such submittals must be included in the resource recovery and protection plan.

(7) Explanation of how MER of the Federal coal will be achieved for the Federal coal leases included in the resource recovery and protection plan. If a coal bed, or portion thereof, is not to be mined or is to be rendered

[[Page 651]]

unminable by the operation, the operator/lessee shall submit appropriate justification to the authorized officer for approval.

[47 FR 33179, July 30, 1982; 47 FR 53366, Nov. 26, 1982. Redesignated at 48 FR 41589, Sept. 16, 1983]

[Code of Federal Regulations]

[Title 43, Volume 2]

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[Page 652-653]

TITLE 43--PUBLIC LANDS: INTERIOR

CHAPTER II--BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR (CONTINUED)

PART 3480 COAL EXPLORATION AND MINING OPERATIONS RULES--Table of Contents

Subpart 3482 Exploration and Resource Recovery and Protection Plans

Sec. 3482.3 Mining operations maps.

(a) General requirements. Upon commencement of mining operations, the operator/lessee shall maintain accurate and up-to-date maps of the mine, drawn to scales acceptable to the authorized officer. Before a mine or section of a mine is abandoned, closed, or made inaccessible, a survey of the mine or section shall be made by the operator/lessee and recorded on such maps. All excavations in each separate coal bed shall be shown in such a manner that the production of coal for any royalty reporting period can be accurately ascertained. Additionally, the maps shall show the name of the mine; name of the operator/lessee; Federal lease or license serial number(s); permit number; Federal lease and permit boundary lines; surface buildings; dip of the coal bed(s); true north; map scale; map explanation; location, diameter, and depth of auger holes; improvements; topography, including subsidence resulting from mining; geologic conditions as determined from outcrops, drill holes, exploration, or mining; any unusual geologic or other occurrences such as dikes, faults, splits, unusual water occurrences, or other conditions that may influence MER; and other information that the authorized officer may request. Copies of such maps shall be properly posted to date and furnished, in duplicate, to the authorized officer annually, or at such other times as the authorized officer requests. Copies of any maps, normally submitted to the regulatory authority, Mine Safety and Health Administration, or other State or Federal Agencies, that show all of the specific data required by this paragraph or paragraphs (b), (c), and (d) of this section shall be acceptable in fulfilling these requirements.

(b) Underground mine maps. Underground mine maps, in addition to the general requirements of paragraph (a) of this section, shall show all mine workings; the date of extension of the mine workings; an illustrative coal section at the face of each working unit; location of all surface mine fans; ventilation stoppings, doors, overcasts, undercasts, permanent seals, and regulators; direction of the ventilating current in the various parts of the mine at the time of making the latest surveys; sealed areas; known bodies of standing water in other mine workings, either in, above, or below the active workings of the mine; areas affected by squeezes; elevations of surface and underground levels of all shafts, slopes, or drifts, and elevation of the floor, bottom of the mine workings, or mine survey stations in the roof at regular intervals in main entries, panels, or sections; and sump areas. Any maps submitted to the regulatory authority to be used to monitor subsidence shall also be submitted to the authorized officer.

(c) Surface mine maps. Surface mine maps, in addition to the general requirements of paragraph (a) of this section, shall include the date of extension of the mine workings and a detailed stratigraphic section at intervals specified in the approved resource recovery and protection plan. Such maps shall show areas from which coal has been removed; the highwall; fenders; uncovered, but unmined, coal beds;

[[Page 653]]

and elevation of the top of the coal beds.

(d) Vertical projections and cross sections of mine workings. When required by the authorized officer, vertical projections and cross sections shall accompany plan views.

(e) Accuracy of maps. The accuracy of maps furnished shall meet standards acceptable to the authorized officer and shall be certified by a professional engineer, professional land surveyor, or other such professionally qualified person.

(f) Liability of operator/lessee for expense of survey. If the operator/lessee fails to furnish a required or requested map within a reasonable time, the authorized officer, if necessary, shall employ a professionally qualified person to make the required survey and map, the cost of which shall be charged to, and promptly paid by, the operator/lessee.

(g) Incorrect maps. If any map submitted by an operator/lessee is believed to be incorrect, and the operator/lessee cannot verify the map or supply a corrected map, the authorized officer may employ a professionally qualified person to make a survey and any necessary maps. If the survey shows the maps submitted by the operator/lessee to be substantially incorrect, in whole or in part, the cost of making the survey and preparing the maps shall be charged to, and promptly paid by, the operator/lessee.